

Appendix 2: Summary of the Swindon and Wiltshire Local Economic Assessment (2016)

December 2016

1 Introduction

The LEA is defined thus:

“The 2016 Local Economic Assessment provides an in-depth overview of the key drivers of growth in the Swindon and Wiltshire economy. The aim is to provide a technical analysis of local economic conditions for internal use to assess how well the economy has recovered from the recent recession; to analyse its prospects for future growth; to inform the development of policy; and to support Swindon and Wiltshire Local Enterprise Partnership’s strategic interventions.”

The LEA compares the performance of Swindon and Wiltshire LEP (SWLEP) against four benchmark LEP areas at various points throughout the report. These benchmark LEPs share similar size and socio-economic characteristics. The benchmarks are some of the best performing LEPs outside London and are all in the top tier of LEPs in terms of economic performance. They are:

- Buckinghamshire Thames Valley (BTV)
- Northamptonshire
- Oxfordshire
- Gloucestershire

The analysis attempts to disaggregate findings for Swindon and Wiltshire in order to get a better understanding of the drivers of growth in each local economy. The two areas are quite different, so this disaggregation allows for a comparison between the city and county economies of the two local authorities. The analysis concludes that there is ‘strength in diversity which supports the economic resilience of the LEP area.’ These strengths include the area being:

- One of the fastest growing populations in the country.
- Home to a number of international businesses such as Honda, Dyson, Intel and Nationwide with important clusters in Life Sciences, Advanced Manufacturing, Financial and Professional Services, Digital and ICT, and Land Based Industries.
- A world-class heritage and visitor attraction.
- A key location for the British Army.

The overall summary of findings indicates the following factors supporting sustainable economic growth in the SWLEP area:

- GVA per hour worked remains above the English average.
- The total number of enterprises in Swindon and Wiltshire is now 9% higher than before the recession.
- The workforce has high employment rates and very low unemployment.
- More new businesses formed in 2014 in the LEP area than at any time since 2009.

2 The Business Base and Economic Performance

2.1 Economic output

The LEA reports that SWLEP generated total GVA of £16.1 billion in 2013, with Wiltshire generating £9.7bn (60%) and Swindon generating £6.4bn (40%). The latest ONS data release puts the total figure for 2013 at £15.9bn, and provides the latest total for 2014 as £16.4bn¹.

The report compares the GVA change over the period 2003-2013 of the five LEPs and finds that SWLEP trails only Oxfordshire in terms of GVA change, and leads all other benchmarks.

GVA per head provides a relative measure of performance which takes into account the differing sizes of individual areas. The LEA's assessment finds that GVA per head for SWLEP was £23,200 in 2013, lower than the national average of £24,100. GVA per head diverged from the national average over the period 2003-2013, ending the period approximately 4% below it. Compared to its benchmarks, SWLEP bettered Northamptonshire for GVA per head, trailed BTV and Oxfordshire, and was broadly in line with Gloucestershire. The gap between SWLEP and BTV and Oxfordshire grew between 2010-2013. Finally, SWLEP maintained its position as the 12th highest LEP area for GVA per head.

Using the latest ONS data, we can see that SWLEP slipped to 14th in the rank of LEPs by GVA per head. A comparison of the five LEPs can be found in Table 2.1 below.

Table 2.1 – GVA per head for LEPs (2004-2014)

	GVA per head £ (2004)	GVA per head £ (2014)	Change
Swindon and Wiltshire	18,863	23,453	24.3%
Oxfordshire	21,906	30,485	39.2%
Gloucestershire	19,380	24,342	25.6%
Northamptonshire	17,290	22,333	29.2%
BTV	21,865	28,307	29.5%

Source: HJA adapted from Gross Value Added (GVA) for Local Enterprise Partnerships (LEPs), ONS

When analysing the latest available data, SWLEPs GVA per head change between 2004-2014 ranks 33rd out of 39 LEPs, and since 2010 SWLEP ranks last of all 39 LEPs in GVA per head change. Analysing localised data over a set time period in this way can be an imperfect measurement, so exact conclusions should not be drawn from these results. However, this analysis does lend its support to the LEA's claim of slow growth in SWLEP.

Interestingly, Swindon's GVA per head (£30,900) was significantly higher than Wiltshire's (£19,800) in 2013, and this is a long-standing trend. According to the LEA, this difference is likely attributable to the differing industrial make-up, commuting patterns, and population structure of the two local authorities. Swindon has more high value adding industries such as professional services, a large number of head offices, and a net inflow of highly skilled people, which all contribute to higher

¹ The LEA uses ONS data for its GVA figures, however the same dataset has been revised since the LEA was released, explaining the difference in headline GVA figures.

overall GVA output. In contrast, Wiltshire’s rural and semi-rural make-up mean it experiences a net outward migration of workers, and has an above average proportion of retirees.

The LEA uses GVA per hour worked as a measure of productivity in the area. The analysis in the report demonstrates that GVA per hour worked for SWLEP has remained consistent over the period 2004-2013, bettering the figures for Northamptonshire and Gloucestershire, but trailing Oxfordshire and BTV. Individually, Swindon’s productivity is ‘substantially’ higher than the UK average, with Wiltshire also outperforming the national average. However, the report does highlight a recent decline in Swindon’s productivity, which could be put down to changes in the output of some key employers, so it is unclear whether this is a short or long-term trend.

2.2 Business and innovation

2.2.1 Total businesses

Of the 28,300² businesses in SWLEP, 25% are located in Swindon with the other 75% in Wiltshire. The LEA’s analysis demonstrates a recent acceleration in the number of businesses, with an 18% increase in Swindon since 2009, and a 6% increase in Wiltshire.

Table 2.2 – Total number of enterprises SWLEP (2009-2014)

	2009	2010	2011	2012	2013	2014
Swindon	6,050	6,155	6,180	6,405	6,710	7,150
Wiltshire	19,915	20,035	19,970	20,095	20,610	21,155
SWLEP	25,965	26,190	26,150	26,500	27,320	28,305

Source: Swindon and Wiltshire LEA (2016)

Table 2.3 – Year on year percentage increase in enterprises SWLEP (2009-2014)

	2009	2010	2011	2012	2013	2014
Swindon	-	1.7%	0.4%	3.6%	4.8%	6.6%
Wiltshire	-	0.6%	-0.3%	0.6%	2.6%	2.6%
SWLEP	-	0.9%	-0.2%	1.3%	3.1%	3.6%

Source: Swindon and Wiltshire LEA (2016)

2.2.2 Business size

The LEA includes an analysis of business size, which indicates that Swindon has twice the proportion of very large³ companies (0.8%) than the national average (0.4%). HJA has analysed the figures on a time-series basis. In a time-series analysis it is important not to base the findings solely on the proportion of large businesses, as this could be misleading. For example, Oxford saw a spike in the proportion of larger business, rising from 0.39% in 2013 to 0.44% in 2014, even though the gross number of large businesses remained constant at 125. The proportion increased solely on the basis of the total number of businesses of all sizes falling in the same period. Therefore to analyse the figures on a time series basis we need to look at the figures for the proportion of large businesses in the context of the gross number of big businesses over the same period.

² Figure is for 2014

³ 250 or more employees

The figures show that SWLEP's proportion of large businesses has fallen from a steady proportion of 0.47% in 2009 to 0.35% in 2015⁴. This decline has been steady year on year, and reflects a decline in the gross number of large businesses over the same period. This does reflect the national trend of decline, however both Oxfordshire and Buckinghamshire Thames Valley managed to increase or at least maintain their levels of large businesses during the same period.

Table 2.4 – Size distribution of businesses (2015)

Business size (employees)	0-9	10-249	250+
Swindon	88.0	10.0	0.8
Wiltshire	89.8	9.0	0.2
SWLEP	89.7	9.3	0.4
England	88.8	9.8	0.4

Source: Swindon and Wiltshire LEA (2016)

Table 2.5 – Proportion of large businesses in Swindon and Wiltshire (2010-2015)

	2010	2011	2012	2013	2014	2015
Swindon	0.86	0.86	0.81	0.79	0.83	0.76
Wiltshire	0.29	0.29	0.31	0.25	0.25	0.23
SWLEP	0.43	0.39	0.42	0.37	0.38	0.34
England	0.42	0.42	0.42	0.42	0.41	0.39

Source: HJA adapted from ONS data

Significantly, Swindon has seen a recent decline in its proportion of large businesses⁵. What is clear from this analysis is that the vast majority of businesses are SMEs and particularly micro businesses⁶....do you have a figure for proportion of businesses up to 250 employees? And for businesses up to 10 employees. It may also be worth showing data for proportion of people employed in micro, SME and very large businesses. This often shows why a few large businesses are very important. Is there data on this in the LEA?

2.2.3 Sectoral composition

The sectors with most businesses in SWLEP are: Business Support Services (Real Estate; Professional Services and Business Support); Motor, Wholesale and Retail; and Construction. The LEA also provides a location quotient⁷ analysis of industry sectors in SWLEP, which can be found in Table 2.6 below.

⁴ Source: UK Business Activity, Size and Location, ONS

⁵ Although the gross number of large businesses has remained constant, with a slight increase occurring between 2010-2015.

⁶ Although businesses that employ over 250 people account for only 0.4% of the national business count, they account for over half of all employment in the UK. Meanwhile, micro businesses (0-9 employees) account for 88.7% of the national business count, but only account for 15.2% of national employment. This demonstrates the importance of large businesses.

⁷ A location quotient is calculated by dividing the percentage of employment in Sector A in the target area (e.g. SWLEP) by the percentage of employment in Sector A in Great Britain. A figure equal to 1 shows the same percentage or level of concentration in both areas. A figure less than 1 shows a lower concentration in the target area. A figure more than 1 shows a higher level of concentration in that sector. We have used a figure of 1.1 as a benchmark for specialisation. This filters out those sectors which are broadly similar in concentration to GB.

Table 2.6 – Location quotient of 18 industry sectors in SWLEP⁸ (2014)

	Swindon	Wiltshire	SWLEP
Agriculture, forestry & fishing	0.00	0.50	0.26
Mining, quarrying & utilities	1.18	0.91	1.05
Manufacturing	1.16	1.05	1.09
Construction	0.74	1.21	1.03
Motor trades	1.39	1.22	1.26
Wholesale	0.98	1.31	1.19
Retail	1.08	0.95	0.99
Transport & storage	1.48	0.59	0.92
Accommodation & food services	0.80	1.20	1.05
Information & communication	0.84	0.79	0.81
Financial & insurance	2.18	0.95	1.41
Property	0.65	1.29	1.07
Professional, scientific & technical	0.98	1.07	1.04
Business administration & support services	1.16	0.82	0.94
Public administration & defence	0.74	1.09	0.97
Education	0.73	0.96	0.88
Health	0.78	1.04	0.94
Arts, entertainment, recreation & other services	1.02	0.91	0.94

Source: Swindon and Wiltshire LEA (2016)

This analysis shows at an LEP level, Motor trade⁹ (1.26), Wholesale (1.19), and Finance & Insurance (1.41) sectors demonstrate a healthy concentration. However, the results do draw out some of the main differences between the economies of Swindon and Wiltshire. In Swindon, the most concentrated sectors are the Motor trade (1.39), Transport & Storage (1.48), and Finance & Insurance (2.18). Wiltshire is well represented in the Motor Trade as well (1.22), with difference shown in the concentration of Construction (1.21), Wholesale (1.31), Accommodation & Food (1.20), and Property (1.29).

2.2.4 Business births and survival

Businesses survival rates can indicate the health of a business environment. The LEA provides a comparison of survival rates between the benchmarks, which is shown below.

⁸ Based on number of jobs.

⁹ The LEAs definition of 'Motor Trade' does not include the manufacture of motor vehicles, figures for which are included in the broader category of 'Manufacturing' in the LEA. A more in depth analysis is provided in Section 3 of the main report.

Table 2.7 – Survival rates of new businesses formed in 2011

	Year 1	Year 2	Year 3
Bucks Thames Valley	94.0	78.1	63.3
Gloucestershire	93.9	78.5	64.8
Northamptonshire	94.3	77.2	62.5
Oxfordshire	93.7	78.7	64.7
SWLEP	95.0	79.1	64.0
Swindon	95.7	76.5	61.1
Wiltshire	94.7	80.3	65.3
England	93.1	75.5	60.4

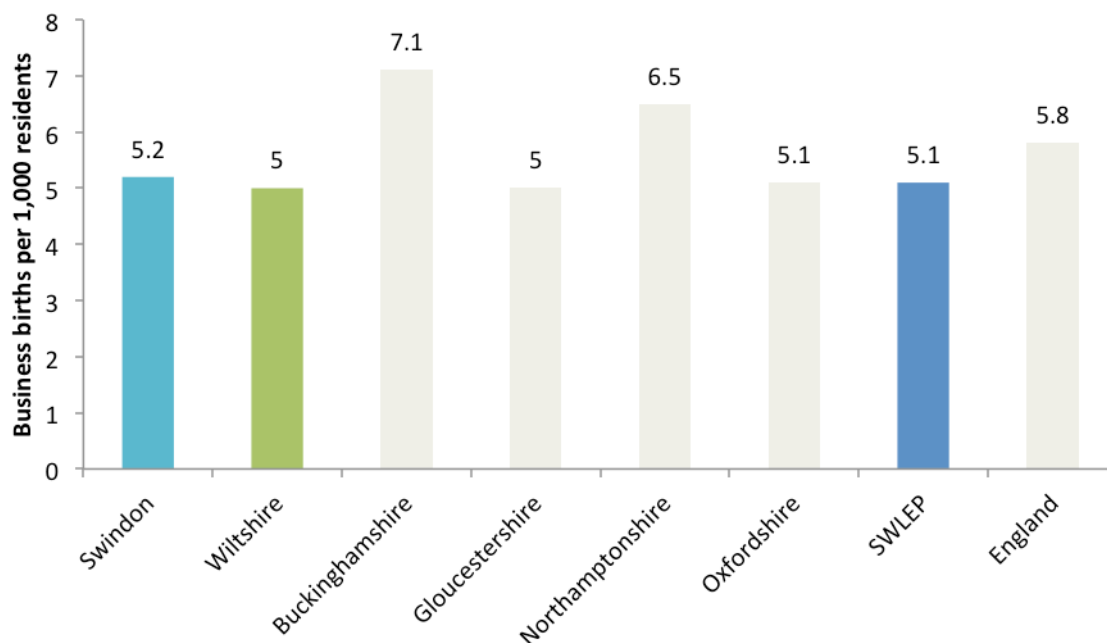
Source: Swindon and Wiltshire LEA (2016)

This analysis demonstrates that SWLEP has an above average business survival rate, especially in the one and two year intervals. However, Swindon’s survival rate drops off significantly in the two and three year intervals.

The number of business births per year looks to have increased in SWLEP over the last few years. There was a significant slowing of business births during 2007-2009, with a steady increase during 2010-2012, with a more rapid increase during 2013-2014.

However, a more accurate determination of an area’s business environment is business births per 1,000 of the population. This enables comparison between areas. Figure 2.1 shows that SWLEP is on a par with Gloucestershire and Oxfordshire, but is lagging behind the national average, and is behind both BTV and Northamptonshire.

Figure 2.1 – Business births per 1,000 of resident population (2014)



Source: Swindon and Wiltshire LEA (2016)

This analysis does not match up well with the data in Table 2.3, which suggests that Swindon's year on year increase in total businesses is very healthy. This can be explained by the fact that Swindon has a very low number of businesses per 1,000 residents, which has remained consistently low over the period 2010-14, as shown in Table 2.8 below.

Table 2.8 – Number of businesses per 1,000 residents (2010-2014)

LEP/Local Authority Area	Number of businesses per 1,000 (2010)	Number of businesses per 1,000 (2014)	Change 2010-2014
Bucks Thames Valley	58	59	1.7%
Gloucestershire	42	45	7.1%
Northamptonshire	40	43	7.5%
Oxfordshire	45	46	2.2%
SWLEP	40	41	2.5%
Swindon	30	30	0%
Wiltshire	43	44	2.3%
England	39	41	5.1%

Source: Swindon and Wiltshire LEA (2016)

This accounts for the fact that Swindon's percentage growth of businesses seems high, but the area's business births per 1,000 residents is low.

2.2.5 Innovation

The LEA analyses patents per 100,000 residents, R&D expenditure per employee, and the percentage of all employment in science, research, engineering and technical professions in order to determine innovation levels.

SWLEP performs second best of all benchmark LEPs in terms of registered patents per 100,000 residents¹⁰ (19.4), trailing only Oxford (34.8) and substantially bettering the national average (9.3).

SWLEP also performs well in R&D spend per full-time employee (£1,682), ranking second of benchmark LEPs behind BTV (£1,908) and more than doubling the national average (£811).

SWLEP also has a high proportion of employment in science, research, engineering and technical roles (9.1%), trailing only Oxfordshire (12.9%) and bettering the national average (7.2%).

This analysis suggests that innovation is one of the strengths of the SWLEP economy.

¹⁰ Figures for 2007-2011

3 Growth Forecasts

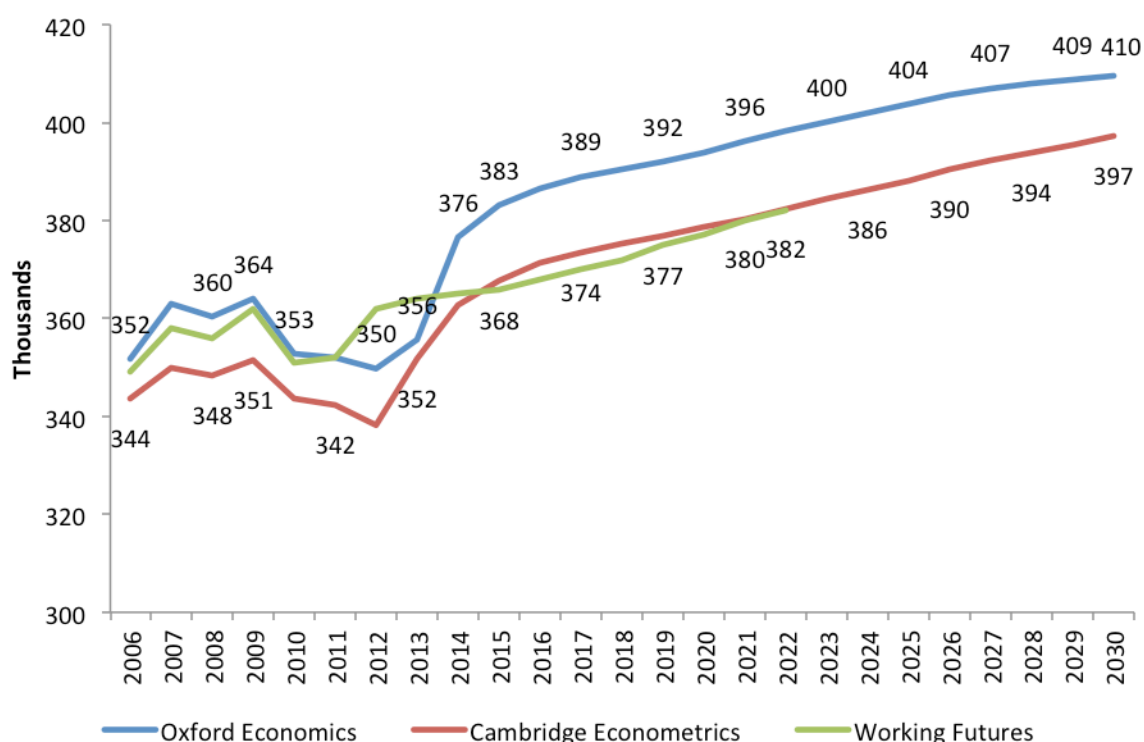
3.1 GVA growth

The LEA uses forecasts from Cambridge Econometrics and Oxford Economics, who predict steady growth in GVA¹¹ from 2015 onwards, with increases of 40% and 39% by 2030 predicted by each forecaster, respectively.

3.2 Employment growth

The LEA presents jobs growth forecasts from Cambridge Econometrics, Oxford Economics, and Working Futures. The Cambridge Econometrics and Oxford Economics forecasts are the same baseline forecasts used in the HJA FEMA Assessment, and are shown in Figure 3.1 below for plentitude.

Figure 3.1 – Total employment projections for SWLEP (2006-2030)



Source: Swindon and Wiltshire LEA (2016)

These projections suggest that total employment in SWLEP is expected to grow by between 7% (Oxford Economics) and 8% (Cambridge Econometrics) by 2030, which equates to between 27,000-29,000 additional jobs.

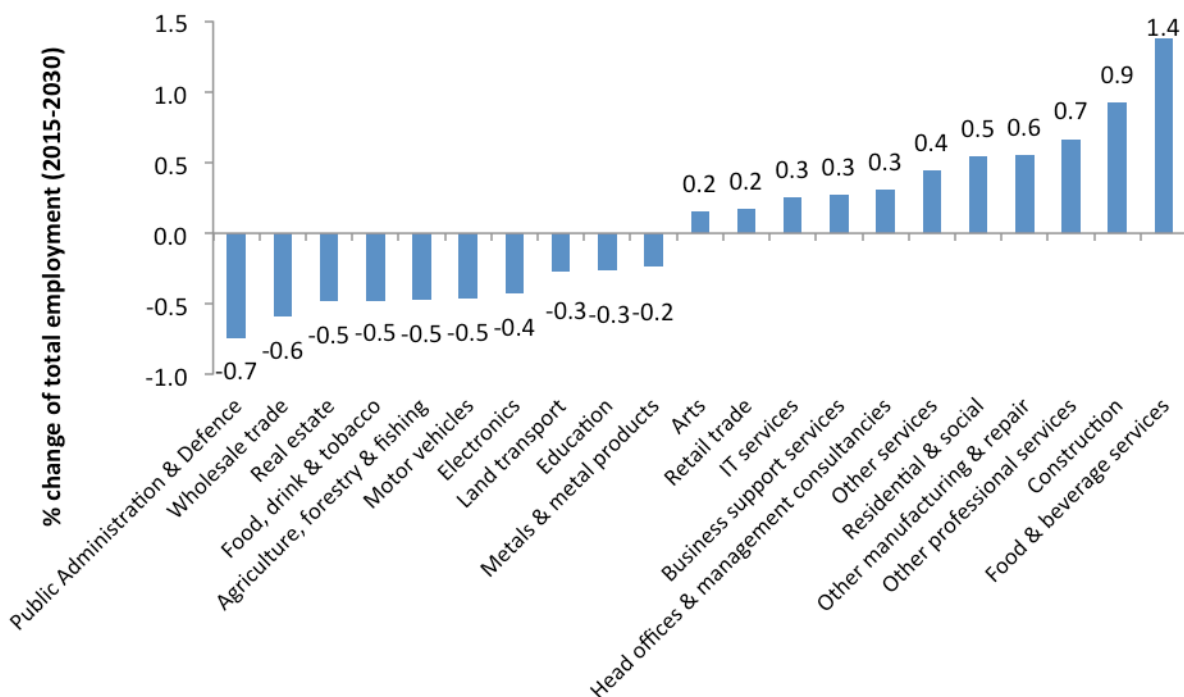
¹¹ Nominal

3.3 Sectoral patterns

IT Services (0.8%¹²), Residential and social care (0.7%), Construction (0.5%), Chemicals (0.5%), and Finance & Insurance (0.3%) will all increase their contribution to total GVA output. Public Administration & Defence (-1.0%), Wholesale trade (-0.6%), Pharmaceuticals (-0.4%), Motor vehicle trade (-0.4%), Education (-0.3%), and Food & Drink (-0.3%) will all decrease in their share of total GVA output.

However, the LEA also highlights differences between the measure of GVA contribution and the change in employment over the same period. The findings are shown in Figure 3.2. The caveat provided for both sets of forecasts is that they look at national factors, and do not account for local characteristics and business decisions (e.g. Honda).

Figure 3.2 – Change in total employment by 10 highest and 10 lowest growth sectors in SWLEP area (Cambridge Econometrics 2015-2030)



Source: Swindon and Wiltshire LEA (2016)

A more detailed analysis of these employment forecasts has been undertaken in the main FEMA Assessment report.

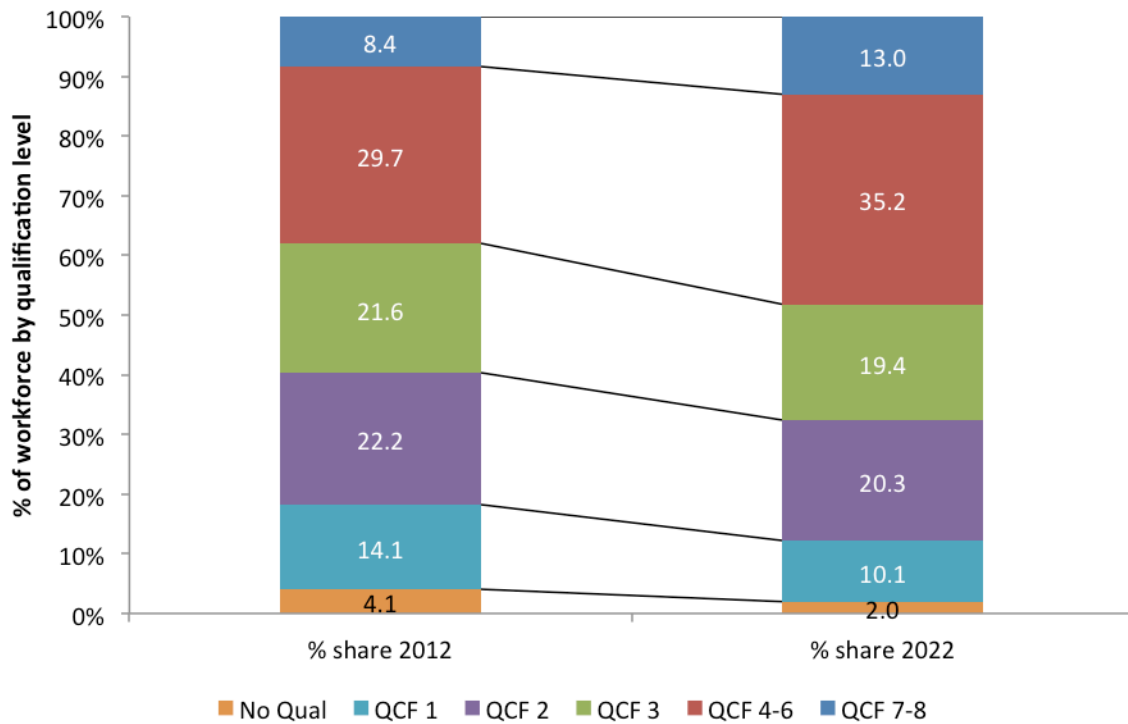
3.4 Skills and qualifications

The LEA reports that the impact of employment growth and replacement demand will create a requirement for approximately 99,700 extra workers with qualifications to degree level and above by 2022. This demand will require a significant increase in the number of SWLEP workers who are qualified to NVQ4 level and above.

¹² Percentage change of sector contribution to total GVA

Although there is no growth forecast in the number of jobs requiring NVQ1, 2, and 3 qualifications, replacement demand means there will still be a need for workers qualified at these levels. The demand in SWLEP for workers qualified to NVQ Level 2 will be 54,900 people up to 2022. The required distribution of qualifications amongst the population is shown in Figure 3.3 below.

Figure 3.3 – Forecast change in composition of the workforce by qualification level in SWLEP (Working Futures 2012-2022)



Source: Swindon and Wiltshire LEA (2016)

4 Clustering and Sectoral Prospects

The LEA analyses each of the five key sectors and the four ‘ones to watch’ identified in the SEP in terms of economic value, number and composition of businesses, and well as future prospects. The main findings are collated below in tabular form in Table 4.1 below for ease of reading.

Table 4.1 – Future prospects of SEP key sectors and ‘ones to watch’ (Cambridge Econometrics 2015-2030)

	GVA growth (2014-30) ¹³	Jobs growth (2014-30)
Key sectors		
Digital & IT ¹⁴	79%	21%
Life Sciences ¹⁵	10%	-25%
Advanced Manufacturing ¹⁶	50%	-21%
Land Based Industries ¹⁷	49%	-25%
Finance and Professional Services ¹⁸	45%	0%
Sectors to watch		
Low Carbon ¹⁹	250%	30%
Construction	64%	27%
Visitor Economy ²⁰	50%	23%
Adult Health & Social Care	57%	12%

Source: HJA adapted from Swindon and Wiltshire LEA (2016)

This summary shows that all sectors except for Life Sciences are set to experience GVA growth above the all-sector average (40%). It is important, however, to note that the LEA does not include Porton Down in its GVA and jobs measurements of Life Sciences, therefore these figures are a significant underestimate of the true value of the sector to SWLEP.

Jobs growth in Advanced Manufacturing and Land Based Industry is expected to decline as a result of automation.

¹³ As per Cambridge Econometrics forecasts.

¹⁴ Covers business and domestic software development; computer consultancy services; satellite telecommunications activities; wired and wireless telecommunications.

¹⁵ Covers manufacture of basic pharmaceutical products and preparations; wholesale of pharmaceutical goods and research; experimental development on biotechnology. Note: estimate is inexact because of data coding differences.

¹⁶ Covers manufacture of chemicals and chemical products; manufacture of computers, electronics and optical products; manufacture of motor vehicles; manufacture of transport equipment.

¹⁷ Covers growing of vegetables; raising of dairy cattle, sheep, goats and pigs; mixed farming; logging and support services to forestry; marine and freshwater fishing.

¹⁸ Covers banking and building societies; factoring; solicitors; pensions; tax consultancy; accountancy; quantity surveying activities.

¹⁹ Figures are for 2011-30. The definition is broad and includes activities that may appear under the overlapping headings of Environmental, Eco, Renewables, Sustainable, Clean Tech, Low Carbon, or No Carbon.

²⁰ Covers arts and museums; visitor attractions; sports facilities; hotels and accommodation; restaurants; rail and public transport.

5 The Economic Competitiveness of Swindon and Wiltshire

The LEA uses the UK Competitiveness Index 2016 (UKCI) to analyse the competitiveness of SWLEP. The area ranks 12th of 39 LEPs on the index, with a score of 101.5²¹. This is a slight increase on its 2013 score of 101.2.

At local authority level, Swindon is the better performing area, with a score of 104.1 (an increase of 1.7 over its 2013 score). Wiltshire has a competitiveness score of 96.6, ranking it well below the UK average, and also showing a decline from its 2013 score of 97.4.

The figures for the benchmark LEPs can be found in Table 5.1 below.

Table 5.1 – UKCI by benchmark LEP and local authority area (UK=100)

Local Enterprise Partnership	CIS 2010 ²²	CIS 2013 ²³	CIS 2016	Change (2013-16)
Swindon and Wiltshire	102.8	101.2	101.5	+0.3
Oxfordshire	110.4	109.4	108.8	-0.6
Gloucestershire	102.5	100.8	101.2	+0.4
Northamptonshire	99.5	96.7	97.1	+0.4
Buckinghamshire Thames Valley	114.1	114.7	114.8	+0.1
Swindon	107.0	102.4	104.1	+1.7
Wiltshire	100.9	97.4	96.6	-0.8

Source: HJA adapted from UK Competitiveness Index 2016

These figures show that SWLEP is performing above the UK average, but is lagging quite far behind the strong performing economies of Oxfordshire and BTV.

In summary, the LEA's analysis of the UKCI data reveals that SWLEP has a steadily improving level of productivity, performs relatively strongly in terms of knowledge based enterprises (which has a positive impact on GVA per capita), and displays a steady increase in living standards and wealth generation. The LEA should be referenced directly for a more detailed analysis of competitiveness inputs and outputs.

²¹ In aggregate terms, it is performing 1.5% higher than the UK average.

²² 2010 figures taken from UKCI 2013, which is the last time those scores were updated.

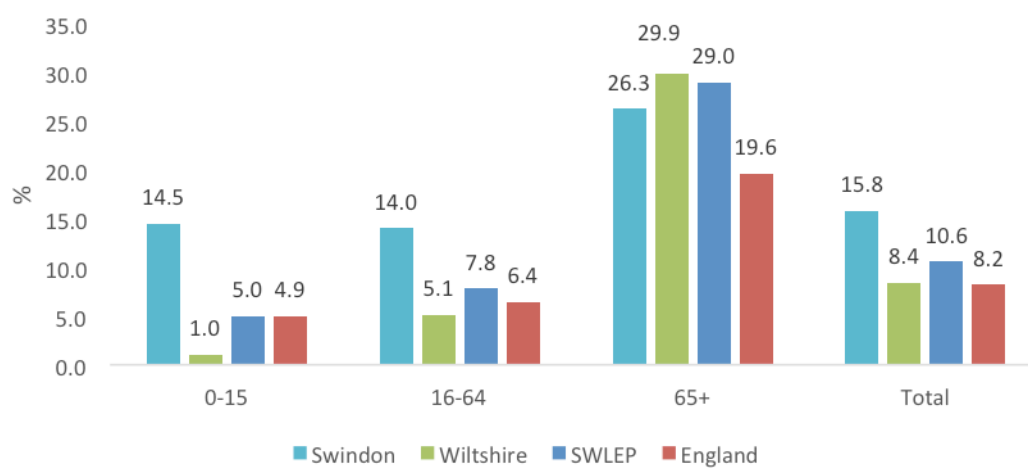
²³ 2013 figures taken from UKCI 2016, which have been updated since they were first released in UKCI 2013.

6 People and Skills

6.1 Population

In 2014, SWLEP had a population of 699,000. It had the fourth fastest growing population of an LEP over the period 2004-2014, with an increase of 10.6% (Swindon: 15.8%, Wiltshire: 8.4%). This is above the national average of 8.2%. Of particular note is the growth in the older population, with a 29% increase in over 65s. Population trends across age ranges differ considerably between the separate Swindon and Wiltshire areas, as shown in Figure 6.1.

Figure 6.1 – Percentage change in population between 2004-2014



Source: Swindon and Wiltshire LEA (2016)

This analysis shows that the percentage change in working age population in Swindon specifically has been well above the national average, and as a result SWLEP has seen the highest growth in working age population of all the benchmark LEPs. Despite this, the share of working age population in SWLEP remains marginally lower (62.2%) than the national average (63.5%).

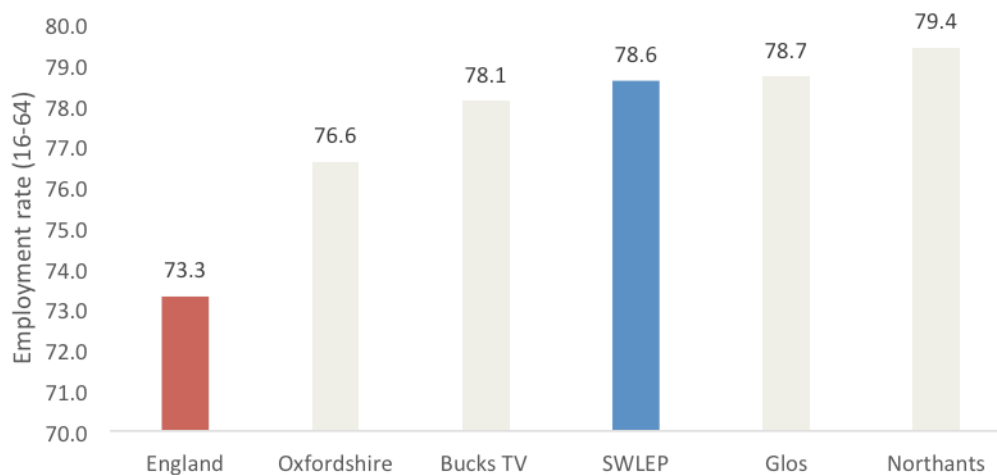
The LEA projects that SWLEP's population will increase by 11.3% between 2014-2024 compared with a national average of 7.1%. The area split is projected as 16.2% for Swindon, and 9.2% for Wiltshire. Working age population is predicted to increase by 6.5% in SWLEP over the same period, with a 12% rise in Swindon and a 3.9% increase in Wiltshire²⁴. This compares to a national average of 2.8%. Finally, the number of over 65s in SWLEP is set to increase further, growing by 28.6% from 2014-2024. Swindon's over 65 population is set to grow by 34.8%, with Wiltshire's growing by 26.6%.

6.2 Employment rates

The employment rate in SWLEP for 2014-15 was 78.6%, the highest since 2006. This is well above the national average of 73.3%, and comparable to the other benchmark LEPs, as shown in Figure 6.2 below. SWLEP has a higher employment rate than the national average across every age range.

²⁴ The projections take account of the army rebasing in Wiltshire.

Figure 6.2 – Employment rate in SWLEP and benchmark LEPs (2014-2015)



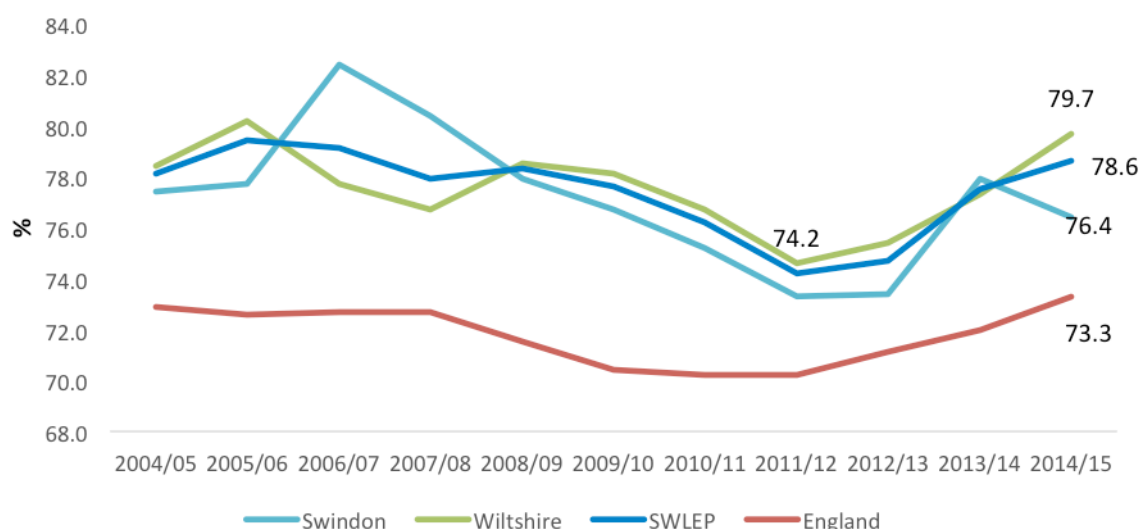
Source: Swindon and Wiltshire LEA (2016)

The total number of SWLEP residents in work increased by 20,200 between 2011/12 and 2014/15. A workplace analysis shows an increase of 36,300 jobs in SWLEP over the same period. This could be due to a number of factors. Employers might be meeting their employment needs by attracting workers from outside the LEP area. Alternatively, SWLEP residents might be changing their commuting pattern so that more are now working within the LEP area. It is also possible that SWLEP are taking more than one job, given that the number of part time jobs increased by 19.3% between 2005-2015, well above the national average of 10.4%.

The employment rate for 16-19 years olds in SWLEP is 48.5%, and 73.3% for 20-24 year olds (compared to national averages of 34.3% and 65.3% respectively). The LEA suggests that this may be as a result of fewer young people progressing to Higher Education in Swindon in particular, therefore young people in the area tend to move into work instead of remaining in education.

The employment rates in Swindon and Wiltshire have improved since the dip caused by the recession. It is possible that the dip in Swindon's figure between 2013/14 and 2014-15 is a statistical outlier – it is too soon to draw a definitive conclusion on whether Swindon's employment rate is in decline.

Figure 6.3 – Employment rate in Swindon and Wiltshire (2004/05 – 2014/15)



Source: Swindon and Wiltshire LEA (2016)

6.3 Workforce qualifications and skills

The LEA provides figures on the level of qualifications in the workforce, as shown in Table 6.1 below.

Table 6.1 – SWLEP working age population qualification levels % (2014)

	Swindon	Wiltshire	SWLEP	England
Level 4+	30.8	39.7	36.8	35.7
Level 3	18.5	18.6	18.6	17.5
Level 2	18.6	17.2	17.7	16.7
Trade apprenticeships	15.9	12.6	13.7	12.0
Below Level 2	22.3	16.7	18.5	18.2
No qualifications	6.1	5.5	5.7	8.6

Source: Swindon and Wiltshire LEA (2016)

This analysis shows that SWLEP outperforms the national average at every level. However, compared to the other benchmark LEAs, SWLEP underperforms in the Level 4+ category, trailing Gloucestershire (39.9%), BTV (46.6%), and Oxfordshire (48.6) by a significant margin. These figures raise concern about Swindon’s underperformance at Level 4+ as an individual area. Given the projected increase in workplace jobs in Swindon that will demand degree level qualifications, this is a concern.

The LEA uses data from the UKCES Employers’ Skills Survey 2015 to analyse skills shortages and skills gaps. Of the employers in SWLEP seeking to recruit at the time of the survey, 47% were having recruitment difficulties (equivalent to 8% of employers). The main reasons given for the difficulties were:

- Low numbers of applicants with the required skills (not necessarily qualifications);
- Lack of work experience;

- Not enough people interested in doing this type of work;
- Too much competition from other employers.

At 58%, Construction was the sector with the greatest proportion of skills shortages vacancies. The sectors which struggled to recruit local workers as a result of skills shortages were: Skilled Trades (29% of total), Professionals (20% of total), and Associate Professionals (14%). This is a concern as the two latter sectors are projected to grow in the years ahead.

6.4 Economic inactivity and unemployment

Currently 18.0% of the working age population in SWLEP are economically inactive, compared to the national average of 22.2%. The Annual Population Survey estimates that the SWLEP unemployment rate was at 3.8% in June 2015, below the national average of 5.5%. Within the LEP area, 4.7% of the Swindon workforce were unemployed for the period, and 3.4% of the Wiltshire workforce. These figures position SWLEP 'competitively' compared to the benchmark LEPs.

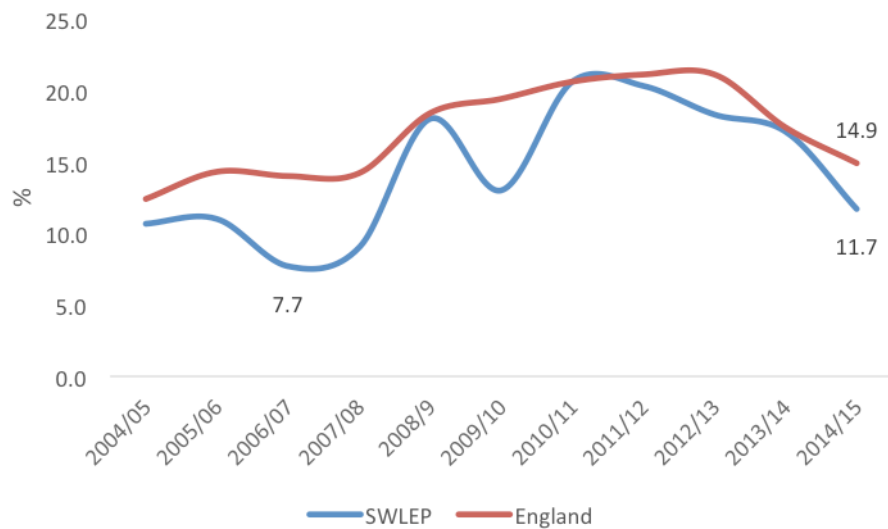
The LEA's analysis of SWLEP's claimant count revealed the following:

- 1,105 people in the LEP have been out of work for more than six months (Nov. 15) (35% of JSA claimants)
- Long term unemployment (6 months +) has fallen sharply since its peak in 2009.
- The proportion of people out of work in the LEP for more than six months is well below the national average (42.6%).
- 29% of unemployed young people between the age of 16-24 are long term unemployed.
- In Swindon the long term unemployment rate is 37.5% and in Wiltshire it is lower at 33.4%

This suggests that SWLEP has a smaller residual core of long term unemployed residents whose skills and qualifications are failing to equip them to meet employers' skills needs.

The proportion of young people who are currently unemployed in SWLEP (11.7%) remains lower than the national average (14.9%), but is higher than the pre-recession low (7.7%) as shown in Figure 6.4 below. However, the trend is moving towards recovery.

Figure 6.4 – Unemployment rate of 16-24 year olds in SWLEP (2004/05 – 2014/15)



Source: Swindon and Wiltshire LEA (2016)

6.5 Young People in Swindon and Wiltshire

6.5.1 Educational attainment

The most recent set of data for 2014/15 shows that 60.5% of young people in Wiltshire had achieved 5 or more GCSEs at grades A*-C, with an equivalent figure of 53.0% for Swindon. This leaves each area on opposite sides of the national average of 57.3%.

6.5.2 Higher education

SWLEP is one of only two LEPs which does not have the requisite institutional capacity to deliver STEM degrees to meet employers' needs. HE participation is above average in Wiltshire, but Swindon has the sixth lowest HE participation rate in the country, qualifying it as a HE 'cold spot'. This also means that Swindon compares unfavourably with the other benchmark locations.

7 Place and infrastructure

7.1 Growth zones

The LEA picks up on the 3 Growth Zones identified by the LEP: Swindon-M4 Growth Zone, A350 Growth Zone, and Salisbury-A303 Growth Zone. Between them, these zones account for 73% of employment in SWLEP, and 80% of the population.

7.2 Travel to work areas

Wiltshire tends to lack balance in this area, with more out-commuters than in-commuters, while Swindon roughly maintains parity between both sets of commuters. The breakdown of this analysis is shown in Table 7.1 below.

Table 7.1 – Commuter flows to and from Swindon and Wiltshire (2011)

Usually resident population	Swindon	%	Wiltshire	%
Live and work in same Local Authority	68,153	62	132,751	55
Home workers	8,926	8	33,409	14
No fixed workplace	8,850	7	18,264	8
Out-commuters	24,708	22	56,532	23
Total	110,459	99	240,264	100
Workplace population				
In-commuters	23,905	22	40,625	18

Source: Swindon and Wiltshire LEA (2016)

7.3 Transport connectivity

SWLEP enjoys an excellent strategic location. However, there are capacity issues, priority issues, and funding issues which are impacting on the availability of funding, making developments and improvements to the transport network more problematic.

7.3.1 Roads

The three Growth Zones are a priority focus for targeted investment, and the LEA highlights the particular challenges faced by each location. The problems in the M4 Growth Zone are mainly focused around Junctions 15 and 16 of the M4. The A350 Growth Zone faces issues on the A350 around journey time reliability and congestion. The A303 Growth Zone faces similar problems, and Highways England has already identified a package of improvements, with implementation set for the early 2020s. Elsewhere, Highways England has also commissioned feasibility work to investigate options to solve the bottleneck on the A419/A417, which forces lengthy detours via the M4 J20. Improvements to this junction will improve northward connectivity from Swindon and Wiltshire into the Midlands.

7.3.2 Rail

The rail network in SWLEP consists of variety of inter-city and cross-country routes. The rail network experiences capacity issues, and there is a threat from the far south of faster train services to London, with key stations in Wiltshire, such as Westbury, missing out as a result.

Swindon and northern Wiltshire benefit from the Great Western Railway. This line provides a direct east-west connection with London, Bristol and south Wales. Swindon is also well connected to Gloucestershire and the Midlands beyond it. The Great Western line is undergoing investment which will introduce longer, faster electric trains. This will increase capacity and speed, as well as service reliability. Electrification of the Swindon to Bristol Parkway and Cardiff section is set for completion by December 2018, with the line through Chippenham and Bath to be completed by 2020.

7.4 Investment

SWLEP recorded 6 successful FDI projects in 2014/15, compared with recorded successes of 10 in 2013/14. Even though the gross number is fewer, FDI in 2014/15 created 242 jobs and safeguarded 150, compared to 126 jobs created and 12 safeguarded in 2013/14. The LEA reports that performance in 2015/16 has improved further.

7.5 Employment space

The LEA defers to a number of other ongoing studies into employment land requirements which are currently underway.

7.6 Housing

Opinion Research Services will be conducting a SHMA analysis, which will give a detailed report on the housing needs of SWLEP.

8 Conclusions

The LEA concludes that there is 'strength in diversity which supports the economic resilience of the LEP area.' These strengths include the area being:

- One of the fastest growing populations in the country.
- Home to a number of international businesses such as Honda, Dyson, Intel and Nationwide with important clusters in Life Sciences, Advanced Manufacturing, Financial and Professional Services, Digital and ICT, and Land Based Industries.
- A world-class heritage and visitor attraction.
- The location for Army Basing plans, with 4000 army personnel and their dependants expected to settle in Wiltshire, providing a highly skilled addition to the workforce.

The overall summary of findings indicates the following factors supporting sustainable economic growth in the SWLEP area:

- GVA per hour worked remains above the English average.
- The total number of enterprises in Swindon and Wiltshire is now 9% higher than before the recession.
- The workforce has high employment rates and very low unemployment.
- More new businesses formed in 2014 in the LEP area than at any time since 2009.